

Message Text

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ACTION EB-08

INFO OCT-01 EA-10 IO-13 ISO-00 AGRE-00 CIAE-00 COME-00

INR-07 LAB-04 NSAE-00 SP-02 STR-04 TRSE-00 FRB-03

OMB-01 INRE-00 SSO-00 L-03 /056 W

-----125341 310801Z /13

O P 310648Z AUG 77

FM AMCONGEN HONG KONG

TO SECSTATE WASHDC IMMEDIATE 6514

AMEMBASSY SEOUL

AMEMBASSY TOKYO

INFO USMISSION GENEVA PRIORITY

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STATE FOR EB/FTD

STATE PASS STR

SEOUL FOR TEXTILE NEGOTIATING TEAM

TOKYO PASS MIKE SMITH AND U.S. TEXTILE DEL

GENEVA FOR PHELAN

E.O. 11652: N/A

TAGS: ETRD, HK, US

SUBJ: TEXTILE HONG KONG TSB ACTION

REF: (A) HONG KONG 10367 (B) SEOUL 7253, (C) GENEVA 7419

(D) HONG KONG 10446 (E) HONG KONG 10484

1. FOLLOWING IS FULL TEXT OF ENCLOSURE TO LETTER SENT VIA REF/E.

2. BEGIN TEXT. DRAFT LETTER TO THE CHAIRMAN OF THE TEXTILES SURVEILLANCE BODY.

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3. SIR: I HAVE THE HONOUR TO REFER TO THE AGREEMENT ON COTTON, MAN-MADE FIBRE AND WOOL TEXTILES CONCLUDED BETWEEN HONG KONG AND AND THE UNITED STATES OF AMERICA ON 25 JULY 1974 UNDER ARTICLE 4 OF THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES, WHICH WAS NOTIFIED TO THE TEXTILES SURVEILLANCE BODY BY THE GOVERNMENT OF THE UNITED STATES AND CIRCULATED TO

PARTICIPATING COUNTRIES IN THE ARRANGEMENT WITH DOCUMENT
COM.TEX/SB/48 DATED 16 DECEMBER 1974.

4. UNDER THIS AGREEMENT, CERTAIN CATEGORIES ARE GIVEN
SPECIFIC LIMITS, BUT THE REMAINING CATEGORIES ARE NOT SUB-
JECT TO ANY LIMITATION OTHER THAN THE APPROPRIATE GROUP
LIMITS.

5. PARAGRAPH 8(B) AND (C) OF THE AGREEMENT PROVIDE THAT
WHENEVER, IN THE VIEW OF THE UNITED STATES, CONDITIONS IN ITS
MARKETS ARE SUCH THAT A LIMITATION ON FURTHER TRADE IN ANY
CATEGORY NOT GIVEN A SPECIFIC LIMIT IS OF SUCH NATURE AS TO
CREATE REAL RISKS OF MARKET DISRUPTION, THE UNITED
STATES MAY REQUEST HONG KONG TO ISSUE NO FURTHER EXPORT
AUTHORISATIONS FOR THE ITEM IN QUESTION PENDING CONSULTA-
TIONS WITH HONG KONG WITH A VIEW TO AGREEMENT ON AN
APPROPRIATE LEVEL OF RESTRAINT FOR THAT CATEGORY FOR THE
AGREEMENT YEAR IN WHICH THE REQUEST IS MADE.

6. ON 27 MAY 1977, THE UNITED STATES MADE SUCH A REQUEST
IN RESPECT OF, INTER ALIA, CATEGORIES 122 (WOOL COATS AND
SUITS, W.G. AND I.), 124 (WOOL TROUSERS AND SHORTS), 234
(MMF DRESS SHIRTS), 235 (MMF OTHER SHIRTS) AND 238 (MMF
TROUSERS AND SHORTS). HONG KONG IMMEDIATELY STOPPED ISSUING
EXPORT AUTHORISATIONS.

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7. CONSULTATIONS WERE HELD IN LYON AND IN WASHINGTON IN
JUNE AND JULY 1977. HONG KONG WAS UNABLE TO AGREE THAT
THERE WERE GROUNDS FOR RESTRAINING ITS EXPORTS TO THE
UNITED STATES OF PRODUCTS COVERED BY THESE CATEGORIES,
SINCE IT DID NOT APPEAR TO HONG KONG THAT THESE EXPORTS
WERE CREATING REAL RISKS OF MARKET DISRUPTION IN THE
UNITED STATES. HONG KONG'S POSITION WAS BASED ON DATA
PROVIDED BY THE UNITED STATES WHICH SHOWED THAT IN EACH
OF THE CATEGORIES IN QUESTION:

(A) U.S. DOMESTIC PRODUCTION HAD INCREASED IN 1976 COM-
PARED WITH 1975;

(B) HONG KONG'S SHARE OF BOTH U.S. TOTAL IMPORTS AND
CONSUMPTION WAS INSIGNIFICANT.

STATISTICS RELATING TO THE U.S. MARKET FOR THESE CATEGORIES
OF PRODUCTS ARE ANNEXED TO THIS LETTER FOR INFORMATION.

8. FOLLOWING HONG KONG'S REJECTION OF THE REQUEST FOR
RESTRAINT, THE UNITED STATES AUTHORITIES INFORMED HONG
KONG ON 25 JULY 1977 THAT THEY HAD NOTED THAT THE CONSULTA-
TIONS HAD NOT RESULTED IN AGREEMENT BETWEEN THE UNITED
STATES AND HONG KONG ON APPROPRIATE LEVELS OF RESTRAINT FOR
THESE CATEGORIES AND THAT, IN ACCORDANCE WITH THE PROVISIONS

OF PARAGRAPH 8 OF THE AGREEMENT, THEY REQUESTED HONG KONG TO LIMIT EXPORTS IN THE CATEGORIES CONCERNED TO THE FOLLOWING LIMITS FOR THE RESTRAINT PERIOD 1 OCTOBER 1976 TO 31 DECEMBER 1977:

ACTEGORY	RESTRAINT LIMIT
122	125,000 PIECES
124	250,000 PIECES
234/235 (COMBINED)	812,500 DOZENS
238	375,000 DOZENS

EXPORTS HAVE ACCORDINGLY BEEN SO LIMITED BY HONG KONG.

9. WHILE PARAGRAPH 8 (E) OF THE AGREEMENT OBLIGES HONG KONG TO ABIDE BY ANY LIMIT IMPOSED BY THE UNITED STATES, PARAGRAPH 8(F) OF THE AGREEMENT PROVIDES THAT IN THE EVENT LIMITED OFFICIAL USE

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OF A FAILURE TO REACH AGREEMENT DURING CONSULTATIONS, EITHER PARTY MAY BRING THE MATTER BEFORE THE TEXTILES SURVEILLANCE BODY IN ACCORDANCE WITH ARTICLE 11 OF THE ARRANGEMENT REGARDING INTERNATIONAL TRADE IN TEXTILES. IN THE PRESENT CASE THE HONG KONG GOVERNMENT FEELS THAT THE UNITED STATES AUTHORITIES HAVE FAILED TO PROVIDE SUFFICIENT EVIDENCE TO JUSTIFY RESTRAINT ON HONG KONG'S EXPORTS IN CATEGORIES IN QUESTION TO THE UNITED STATES DURING THE CURRENT RESTRAINT PERIOD, AND HAS THEREFORE DECIDED TO INVOKE PARAGRAPH 8(F) OF THE AGREEMENT. THE UNITED STATES AUTHORITIES HAVE BEEN INFORMED OF THIS DECISION.

10. I HAVE ACCORDINGLY BEEN INSTRUCTED BY THE HONG KONG GOVERNMENT TO REQUEST THE TEXTILES SURVEILLANCE BODY, IN ACCORDANCE WITH ARTICLE 11 OF THE ARRANGEMENT, TO REVIEW THE MATTER AT ISSUE BETWEEN HONG KONG AND THE UNITED STATE AND MAKE ANY RECOMMENDATIONS WHICH IT MAY DEEM APPROPRIATE. IN MAKING THIS REQUEST, THE HONG KONG GOVERNMENT WISHES TO STATE THAT IT IS NOT QUESTIONING THE RIGHT OF THE UNITED STATES UNDER THE AGREEMENT TO IMPOSE A LIMIT IN THE EVENT OF A FAILURE TO REACH AGREEMENT IN CONSULTATIONS UNDER PARAGRAPH 8 OF THE AGREEMENT, BUT THAT IT IS QUESTIONING THE JUSTIFICATION PROVIDED BY THE UNITED STATES IN SUPPORT OF ITS REQUEST FOR RESTRAINT.

11. AS HONG KONG EXPORTS ARE BEING ADVERSELY AFFECTED BY THE LIMITS IMPOSED AND THE SECTORS OF THE TRADE AFFECTED ARE FACING CONSIDERABLE DISRUPTION AND HARDSHIP, THE HONG KONG GOVERNMENT WOULD BE GRATEFUL IF THE TEXTIELS SURVEILLANCE BODY WOULD CONDUCT A REVIES OF THE MATTER AS SOON AS POSSIBLE. TO ASSIST THE TEXTILES SURVEILLANCE BODY IN ITS REVIEW, THE HONG KONG GOVERNMENT WOULD BE PREPARED TO SEND A REPRESENTATIVE TO APPEAR BEFORE THE BODY TO ELABORATE ON LIMITED OFFICIAL USE

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HONG KONG'S POSITION.

12. I AMSENDING A COPY OF THIS LETTER TO THE UNITED STATE
AUTHORITIES.

13. CLOSING COURTESIES. END TEXT.
CROSS

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TEXTILES
Control Number: n/a
Copy: SINGLE
Sent Date: 31-Aug-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977HONGK10485
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770314-0876
Format: TEL
From: HONG KONG
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t1977084/aaaaadfz.tel
Line Count: 182
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 7dae8457-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
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Page Count: 4
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Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 10-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1536734
Secure: OPEN
Status: NATIVE
Subject: TEXTILE HONG KONG TSB ACTION
TAGS: ETRD, HK, US
To: STATE SEOUL
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/7dae8457-c288-dd11-92da-001cc4696bcc
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